



STATE OF INDIANA

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Marilyn F. Schultz
Director

May 21, 2004

To: All Agency Heads

From: Marilyn F. Schultz

Subject: Instructions for the 2006-2007 Biennial Budget

At the meeting of Agency Heads on April 15th, we presented an overview of our budget situation and the actions we have taken and are taking to grow our economy and jobs, to create greater efficiencies and effectiveness in our delivery of services and programs to the citizens of the state of Indiana, and the cuts that have been required to get through this national fiscal crisis. As we organize for the next budget writing session of the Indiana General Assembly, we are mindful of the fact that state agencies have been diligent in achieving the reversion targets given to them in fiscal years 2002, 2003, and now in 2004 and 2005. Most agencies have cut 7% from their budgets in these first two years and an additional 5% reversion in the current biennium. The budget instructions for the 2006-2007 biennium ask for a 2% on-going base reduction. We are grateful for your leadership in this area.

It is very clear that we cannot close our structural budget gap by cutting just from state agencies which comprise only approximately 20% of the GF/PTRF budget. Important decisions will have to be made in the budget debate beginning in January between both houses of the legislature and the Governor's office regarding all areas of our budget. It is our job to make certain that we have the right information ready for these policy makers as they begin this critical discussion. Most of this information will be collected through the submission of your budget.

There may be additional information which we will want to provide to the legislature at the time of the budget hearings. Such information as expenditure and revenue trend lines, historical service information, peer comparisons and benchmarks for major areas would be helpful in providing a more complete picture of Indiana's services. We are not requesting that you include these points in your budget submission at this time, but want you to be prepared to be able to provide this information at the legislative budget hearings.

On behalf of the Budget Agency staff, I want to thank you in advance for your cooperation in this task ahead. We appreciate your input and will be available to work with you throughout this long process. The budget instructions can be found at <http://www.sba.state.in.us/> if you have access to the state's intranet or at <http://www.in.gov/sba/budget/> if you need to access the documents through the world wide web.